

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 88 – HB 337

April 7, 2009

SUMMARY OF AMENDMENT (005792): Deletes the language of the original bill. Authorizes the Tennessee Emergency Management Agency (TEMA) to coordinate with each county to add a certain number of civil defense sirens per year beginning in 2012, in each county until all areas with at least 40 persons per square mile are covered by such sirens. Each county will own each civil defense siren within its boundaries and will be responsible for the maintenance of such sirens.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$250,000/One-Time/FY11-12
\$10,000,000/FY11-12 and FY12-13

Increase Local Expenditures – Exceeds \$100,000/FY11-12 and
Subsequent Years*

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$250,000/One-Time/FY11/12
Exceeds \$100,000/FY11-12 and
Subsequent Years

Increase Local Expenditures – Exceeds \$100,000/Over Time*

Assumptions applied to amendment:

- There are approximately 42,000 square miles in Tennessee.
- The bill authorizes the installation of sirens until all areas with at least 40 people per square mile are covered. No definition was provided on how to measure center of mass for the square mile, whether it is based on the county or based upon the municipality.
- Warning sirens have been installed in TVA and Department of Energy impact areas in East Tennessee which is expected to reduce the installation cost to that area.
- According to TEMA the cost of each new warning siren is estimated to be \$20,000 - \$25,000 each. The number of sirens that would be fielded

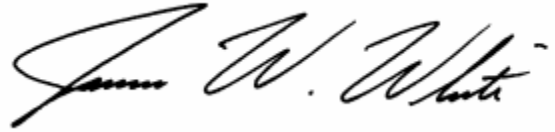
each year and the length of time it would take to meet the specifications set out in the bill cannot be determined but is estimated to exceed at least \$100,000 for the purchase of four sirens per year. At some point in the future, the number of sirens installed will begin to diminish as the requirements of the bill are met.

- The number of existing sirens, whether they are operational, and whether they would meet the definition of siren as set out in the bill is not known.
- Installation costs would include pole, concrete, attachment of siren and utilities, engineering costs for integration into existing systems (some systems are radio controlled), and battery systems for backup operation.
- Cost for installation and utility fees may vary greatly from urban to rural areas.
- In addition, there could be a cost for the purchase or lease of land which will also vary.
- TEMA estimates a cost of approximately \$10,000,000 to field every 250 sirens, until the required standard set out in the bill is met.
- Local government expenditures are estimated to increase depending on the number of sirens installed and could exceed \$100,000 over time. Since the counties will own the sirens and will be responsible for the maintenance and testing for each siren installed in their jurisdiction, TEMA anticipates the counties will incur a cost of approximately \$500 per siren per year which includes personnel costs to conduct monthly tests and computer software controlling radio-controlled systems. Local government expenditures will increase over time as the number of sirens installed increases.
- According to TEMA, since there are so many unknown variables, a study would need to be conducted before the purchase and installation of such sirens. TEMA estimates a study of this magnitude would cost approximately \$250,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

/rct